

COMMUNITY OPPORTUNITIES, INC.
D/B/A NEW OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2010

NEW OPPORTUNITIES, INC.

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NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Rick Hecht	Vice President
Kay Steddom (resigned December, 2010)	Secretary
Bruce Nelson	Treasurer

Board Members

<u>County</u>	<u>Representing</u>		
	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	Bruce Nelson	Kay Steddom (resigned December, 2010)	Vacancy
Calhoun	Gary Nicholson	Betty Weidert	Vacancy
Carroll	Eugene Meiners	Christopher Warneka	Robert McKone
Dallas	Mark Hanson	Shirley Keenan	Vacancy
Greene	Mary Jane Fields	Tom Heater	Kyle Orris
Guthrie	James Petersen	Vacancy	Vacancy
Sac	Rick Hecht	Kathy Brenny	Bart Thoreson

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz	Chief Financial Officer

Gronewold, Bell, Kyhnn & Co. P.C.

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KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Opportunities, Inc.
Carroll, Iowa

We have audited the accompanying statement of financial position of New Opportunities, Inc. as of September 30, 2010 and the related statements of activities, changes in net assets, functional expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Opportunities, Inc. as of and for the year ended September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2011 on our consideration of New Opportunities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

To the Board of Directors
New Opportunities, Inc.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included on Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Arnold, Bell, Thyer & P.C.

Atlantic, Iowa
January 18, 2011

NEW OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2010

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 136,054	\$ 341,593	\$ --	\$ 477,647
Investments	28,558	--	--	28,558
Receivables:				
Grantor agencies	--	922,106	--	922,106
Other sources	8,971	23,529	--	32,500
Inventory	10,232	--	--	10,232
Deferred financing costs	41,327	--	--	41,327
Property and equipment at cost, less accumulated depreciation of \$540,760	--	--	2,166,830	2,166,830
Total Assets	<u>\$ 225,142</u>	<u>\$ 1,287,228</u>	<u>\$ 2,166,830</u>	<u>\$ 3,679,200</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Payables:				
Accounts	\$ 8,612	\$ 406,349	\$ 23,865	\$ 438,826
Salaries and benefits	38,485	319,619	--	358,104
State advance	--	32,087	--	32,087
Deferred revenue	--	512,526	--	512,526
Note payable	<u>1,332,849</u>	<u>--</u>	<u>--</u>	<u>1,332,849</u>
Total Liabilities	1,379,946	1,270,581	23,865	2,674,392
Net Assets				
Unrestricted	(1,154,804)	--	1,955,210	800,406
Temporarily restricted by grantor agencies	--	16,647	187,755	204,402
Total Net Assets	<u>(1,154,804)</u>	<u>16,647</u>	<u>2,142,965</u>	<u>1,004,808</u>
Total Liabilities and Net Assets	<u>\$ 225,142</u>	<u>\$ 1,287,228</u>	<u>\$ 2,166,830</u>	<u>\$ 3,679,200</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2010

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 4,291,942	\$ --	\$ 4,291,942
U.S. Department of Health and Human Services	--	2,248,126	--	2,248,126
Iowa Department of Public Health	--	1,393,466	--	1,393,466
Iowa Department of Education	--	1,136,361	--	1,136,361
Iowa Department of Human Services	--	292,176	--	292,176
Iowa Department of Economic Development	--	207,398	--	207,398
U.S. Department of Homeland Security	--	32,144	--	32,144
Various	--	207,557	--	207,557
In-Kind Contributions	--	640,034	--	640,034
Public Support and Contributions	2,938	490,178	--	493,116
Co-Funding	--	181,022	--	181,022
Investment Income	5,743	133	--	5,876
Rental income	98,133	--	--	98,133
Investment in Plant	--	--	492,771	492,771
Miscellaneous	9,493	375,027	--	384,520
Total Revenues	116,307	11,495,564	492,771	12,104,642
Expenses:				
Head Start	--	3,012,984	--	3,012,984
Community Development Block Grant (CDBG)	--	471,447	--	471,447
Community Services Block Grant (CSBG)	--	447,764	--	447,764
Low-Income Home Energy Assistance Program (LIHEAP)	--	2,348,169	--	2,348,169
Weatherization Assistance	--	1,496,559	--	1,496,559
Maternal and Child Health	--	229,466	--	229,466
Family Planning	--	158,007	--	158,007
Women, Infants and Children (WIC)	--	440,831	--	440,831
Child and Adult Care Food Program (CACFP) - Homes	--	533,622	--	533,622
Homeless Prevention and Rapid Rehousing	--	137,773	--	137,773
Substance Abuse Programs	--	834,647	--	834,647
Empowerment Programs	--	619,978	--	619,978
Other Programs	--	942,985	--	942,985
Administration	123,730	--	--	123,730
Depreciation	--	--	113,861	113,861
Total Expenses	123,730	11,674,232	113,861	11,911,823
Excess of Revenues Over Expenses (Expenses Over Revenues)	(7,423)	(178,668)	378,910	192,819
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	(3,689)	--	--	(3,689)
Change in Net Assets	<u>\$ (11,112)</u>	<u>\$ (178,668)</u>	<u>\$ 378,910</u>	<u>\$ 189,130</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Changes in Net Assets
All Funds
Year Ended September 30, 2010

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Net Assets at Beginning of Year	\$(1,143,692)	\$ 195,315	\$ 1,764,055	\$ 815,678
Change in Net Assets	<u>(11,112)</u>	<u>(178,668)</u>	<u>378,910</u>	<u>189,130</u>
Net Assets at End of Year	<u><u>\$(1,154,804)</u></u>	<u><u>\$ 16,647</u></u>	<u><u>\$ 2,142,965</u></u>	<u><u>\$ 1,004,808</u></u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Functional Expenses
Administrative Fund and Program Funds
Year Ended September 30, 2010

	Administrative Fund	Program Funds	Total
Salaries and wages	\$ 327,394	\$ 2,746,776	\$ 3,074,170
Fringe benefits	110,132	922,246	1,032,378
Assistance to individuals	--	4,141,138	4,141,138
Professional fees and contracted services	22,486	626,868	649,354
Travel	16,542	245,725	262,267
Occupancy	13,694	697,344	711,038
Utilities and telephone	9,119	122,178	131,297
Supplies and materials	10,579	518,460	529,039
Buildings and equipment	--	81,922	81,922
Printing, publications and postage	5,606	38,045	43,651
Insurance	6,789	44,653	51,442
Interest expense	88,360	--	88,360
Amortization	1,146	--	1,146
Miscellaneous	8,130	171,574	179,704
Co-funding	--	181,022	181,022
In-kind:			
Labor	--	558,708	558,708
Materials and other	--	81,326	81,326
 Total Expenses Before Allocation of Indirect Costs	 619,977	 11,177,985	 11,797,962
Allocation of indirect costs	(496,247)	496,247	--
 Total Expenses	 <u>\$ 123,730</u>	 <u>\$ 11,674,232</u>	 <u>\$ 11,797,962</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2010

Cash flows from operating activities:	
Cash received from State Agencies	\$ 7,146,691
Cash received from Federal Grantors	2,292,938
Contributions received	493,116
Investment income	5,876
Other receipts	611,916
Cash paid to employees and suppliers	(10,824,437)
Interest paid	(88,360)
Net cash used in operating activities	(362,260)
Cash flows from investing activities:	
Property and equipment expenditures	(273,747)
Change in investments	57,311
Net cash used in investing activities	(216,436)
Cash flows from financing activities:	
Proceeds from notes payable	284,000
Principal paid on revenue bond	(36,948)
Principal paid on notes payable	(284,000)
Net cash used in financing activities	(36,948)
Net decrease in cash	(615,644)
Cash and cash equivalents at beginning of year	<u>1,093,291</u>
Cash and cash equivalents at end of year	<u>\$ 477,647</u>
Reconciliation of change in net assets to net cash used in operating activities:	
Change in net assets	\$ 189,130
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	113,861
Amortization	1,146
Change in unrealized gains and losses on investments	3,689
Changes in assets and liabilities	
Receivables	(248,171)
Prepaid expenses	11,930
Inventory	1,013
Payables - trade	(540,884)
Deferred revenue	106,026
Total adjustments	(551,390)
Net cash used in operating activities	<u><u>\$ (362,260)</u></u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc., (the Agency) a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 75% of its revenues from four governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2010 to September 30, 2011.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenditures. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenditures are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenditures that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the combined statement of financial position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenditures (expenditures over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2010, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage. There were no prepaid expenses as of September 30, 2010.

Inventory - Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenditures in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 25 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenditures for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed of is deleted. No interest costs were capitalized during the year ended September 30, 2010.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative Fund. This liability has been computed based on rates of pay in effect at September 30, 2010.

Advertising and Promotion Costs - Advertising and promotion costs are expensed as they are incurred. Advertising and promotion costs totaled \$67,506 during the year ended September 30, 2010.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

G. Total Column

The total column on the combined statements of financial position, activities, and functional expenditures is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a predetermined Indirect Cost Rate (18.3%) for fiscal year October 1, 2009 to September 30, 2010. The Indirect Cost allowed is calculated by multiplying the approved predetermined rate (18.3%) times the allocation base. The allocation base is the Agency's direct salaries and wages, excluding fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 3 - MANAGED CARE CONTRACT

The Agency's substance abuse treatment and rehabilitation services are being reimbursed under a managed care contract administered by Magellan Behavioral Health, Inc. The Agency received approximately 3% of its total support and revenue through this contract for the twelve months ended September 30, 2010. The Agency's managed care contract for its current five county service area has been renewed for fiscal year ending September 30, 2011.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2010 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

Equity securities	<u>\$ 28,558</u>
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All equity securities are classified as available for sale. None of the \$28,558 of equity securities is covered by any form of insurance against loss.

Investment income and other changes in investments are comprised of the following for the year ended September 30, 2010:

Investment Income:	
Interest income	\$ 1,080
Dividend income	3,956
Realized gains on sale of securities	<u>840</u>
	<u>\$ 5,876</u>
Other Changes in Investments:	
Change in unrealized gains and (losses) on available for sale securities	<u>\$(3,689)</u>

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2010, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Head Start	\$ 66,453	\$ 125,064	\$ 100,865	\$ 292,382
Maternal Health/Child Health	--	--	5,643	5,643
Low Income Home Energy Assistance Program	--	--	46,149	46,149
Substance Abuse	--	--	8,633	8,633
Weatherization Assistance	--	63,311	28,709	92,020
Women, Infants and Children	--	21,466	--	21,466
Other Grantors	--	--	7,297	7,297
General Agency	<u>2,196,503</u>	<u>--</u>	<u>37,497</u>	<u>2,234,000</u>
Total Cost	<u>2,262,956</u>	<u>209,841</u>	<u>234,793</u>	<u>2,707,590</u>
Less Accumulated Depreciation	<u>(237,042)</u>	<u>(162,051)</u>	<u>(141,667)</u>	<u>(540,760)</u>
Net	<u>\$2,025,914</u>	<u>\$ 47,790</u>	<u>\$ 93,126</u>	<u>\$2,166,830</u>

The components of the Agency's accumulated depreciation at September 30, 2010 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 172,137	\$ 147,057	\$ 163,976	\$ 483,170
Current Year Depreciation	64,905	14,994	33,962	113,861
Less Disposals	<u>--</u>	<u>--</u>	<u>(56,271)</u>	<u>(56,271)</u>
Balance End of Year	<u>\$ 237,042</u>	<u>\$ 162,051</u>	<u>\$ 141,667</u>	<u>\$ 540,760</u>

NOTE 6 - REVENUE BOND

The following is a summary of the revenue bond payable and related information at September 30, 2010:

Revenue bond payable	<u>\$ 1,332,849</u>
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The revenue bond was issued in December, 2008 in the amount of \$1,400,000. The bond was issued to finance the acquisition of land and a building to house the Agency's operations and is collateralized by a mortgage agreement on the Agency's real estate. The bond matures in 240 equal monthly installments of \$10,408, including interest at 6.5% per annum, through December, 2028.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 6 - REVENUE BOND - Continued

The principal and interest payments required on the bond for the next five and subsequent years are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 39,422	\$ 85,474	\$ 124,896
2012	42,062	82,834	124,896
2013	44,879	80,017	124,896
2014	47,884	77,012	124,896
2015	51,091	73,805	124,896
2016-2019	311,603	312,879	624,482
2020-2024	430,890	193,592	624,482
2025-2029	<u>365,018</u>	<u>40,895</u>	<u>405,913</u>
	<u>\$ 1,332,849</u>	<u>\$ 946,508</u>	<u>\$ 2,279,357</u>

NOTE 7 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases a vehicle, copy machines, mailing systems, and a phone system under non-cancelable operating leases expiring through June, 2014.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2010 are as follows:

<u>Year Ending September 30,</u>	
2011	\$ 43,850
2012	43,850
2013	30,994
2014	<u>25,431</u>
Total minimum future rental payments	<u>\$ 144,125</u>

Rental expense under all operating leases for the year ended September 30, 2010 totaled approximately \$43,850.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 8 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% (was 4.30% through June 30, 2010) of their annual salary and the Agency is required to contribute 6.95% (was 6.65% through June 30, 2010) of annual covered payroll. Contribution requirements are established by State statute. The Agency's contributions to IPERS for the years ended September 30, 2010, 2009, and 2008 were approximately \$201,000, \$184,400, and \$163,300, respectively, equal to the required contribution for that year.

Tax-Sheltered Annuity

The Agency has established a tax-sheltered annuity arrangement. The plan is available to all employees with one year of service, and a minimum of 1,000 hours of service in a twelve-month period of time.

Under the terms of the plan, the Agency contributes an amount equal to 2 percent of the annual salary for each employee participating in the plan who elected not to participate in IPERS when the Agency began contributing to IPERS in October, 1996 (covered payroll). Each plan participant must contribute 1 percent of their annual salary and all such payments are accumulated and invested for individual participants of the plan. Amounts credited to individual participants are 100 percent vested immediately. The accumulated monies are paid upon a participant's retirement or termination.

For the year ended September 30, 2010, the Agency's contributions amounted to \$627 which is 2 percent of its current year covered payroll of \$31,363. Employees' contributions of all participants amounted to \$2,744. The Agency's total current year payroll for all employees was \$3,083,043.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2010

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with a local bank with a face amount of \$200,000. The agreement expires in April, 2011.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Construction in Progress

During the year ended September 30, 2010, the Agency entered into an agreement to construct a building for the Head Start Program with a total anticipated cost of \$847,000. At September 30, 2010, costs incurred on the building totaled \$533,294, and are included in Land and Building on the Agency's financial statements. Financing for the project is being provided through grants provided by the CDBG Program, proceeds from the sale of an existing building, and funds generated internally.

Subsequent Event

Subsequent to year end, the Agency sold the existing building referred to under the Construction in Progress heading above, for an amount exceeding the net book value of the building.

The Agency has evaluated all subsequent events through January 18, 2011, the date the financial statements were available to be issued.

* * *

SUPPLEMENTAL INFORMATION

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds
Year Ended September 30, 2010

	<u>Head Start - Early Head Start</u>	<u>ARRA - Head Start - Early Head Start</u>	<u>Early Head Start Empowerment</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	2,142,796	105,330	--
Iowa Department of Public Health	--	--	--
Iowa Department of Education	67,897	--	2,931
Iowa Department of Human Services	--	--	24,314
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	640,034	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	14,316
Investment income	--	--	--
Miscellaneous	--	--	15,366
	<u>2,850,727</u>	<u>105,330</u>	<u>56,927</u>
Total Revenues	2,850,727	105,330	56,927
Expenditures:			
Salaries and wages	1,021,643	64,197	17,975
Fringe benefits	340,971	18,373	6,976
Assistance to individuals	--	--	--
Professional fees and contracted services	66,650	--	4,016
Travel	122,852	155	--
Occupancy	72,214	--	16,766
Utilities and telephone	39,157	--	--
Supplies and materials	273,447	5,777	7,904
Equipment	3,375	5,080	--
Printing, publications and postage	7,070	--	--
Insurance	12,525	--	--
Miscellaneous	63,828	--	--
Co-Funding	--	--	--
In-Kind:			
Labor	558,708	--	--
Materials and other	81,326	--	--
	<u>2,663,766</u>	<u>93,582</u>	<u>53,637</u>
Total Expenditures Before Allocation of Indirect Costs	2,663,766	93,582	53,637
Allocation of Indirect Costs	<u>186,961</u>	<u>11,748</u>	<u>3,290</u>
Total Expenditures	<u>2,850,727</u>	<u>105,330</u>	<u>56,927</u>
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	--	--	--
Net Assets (Deficit) at Beginning of Year	<u>--</u>	<u>--</u>	<u>9,482</u>
Net Assets (Deficit) at End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,482</u>

(continued next page)

Schedule 1

<u>Immigration Advocacy</u>	<u>CDBG</u>	<u>CSBG</u>	<u>ARRA - CSBG</u>	<u>County Outreach</u>	<u>ARRA - County Outreach</u>
\$ --	\$ --	\$ 126,369	\$ 321,295	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	2,938	--
--	207,398	--	--	--	--
--	--	--	--	21,992	10,152
39,220	--	--	--	--	--
--	--	--	--	--	--
595	732	--	100	161,627	--
--	--	--	--	82,937	--
--	--	--	--	--	--
--	--	--	--	--	--
39,815	208,130	126,369	321,395	269,494	10,152
21,470	--	39,557	46,643	50,725	--
7,561	--	11,121	13,751	22,122	--
--	--	--	89,599	73,422	10,152
220	17,460	2,273	3,015	3,039	--
1,202	--	3,314	4,013	13,466	--
1,800	453,433	1,495	55	31,635	--
1,670	--	1,848	910	18,186	--
189	--	3,119	2,838	16,845	--
602	--	5,724	10,231	17,775	--
131	--	897	4,105	748	--
84	529	143	--	1,535	--
354	25	1,403	4,913	11,172	--
--	--	48,236	132,786	--	--
--	--	--	--	--	--
--	--	--	--	--	--
35,283	471,447	119,130	312,859	260,670	10,152
3,929	--	7,239	8,536	9,282	--
39,212	471,447	126,369	321,395	269,952	10,152
603	(263,317)	--	--	(458)	--
4,259	--	--	--	(38,706)	--
\$ 4,862	\$(263,317)	\$ --	\$ --	\$(39,164)	\$ --

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2010

	ARRA - Homeless Prevention & Rapid Rehousing	CACFP	WIC
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	--	--	440,136
Iowa Department of Education	--	533,622	--
Iowa Department of Human Services	--	--	--
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	137,773	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	3,007
Investment income	--	--	--
Miscellaneous	--	--	--
Total Revenues	137,773	533,622	443,143
Expenditures:			
Salaries and wages	25,552	38,314	216,985
Fringe benefits	9,031	16,969	71,156
Assistance to individuals	88,499	433,822	--
Professional fees and contracted services	63	1,003	21,663
Travel	4,087	6,657	15,898
Occupancy	--	3,090	13,903
Utilities and telephone	1,151	1,804	4,228
Supplies and materials	1,301	17,040	36,857
Equipment	2,750	3,353	8,912
Printing, publications and postage	114	2,410	4,272
Insurance	--	290	1,640
Miscellaneous	549	1,859	5,609
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	--	--	--
Total Expenditures Before Allocation of Indirect Costs	133,097	526,611	401,123
Allocation of Indirect Costs	4,676	7,011	39,708
Total Expenditures	137,773	533,622	440,831
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	--	--	2,312
Net Assets (Deficit) at Beginning of Year	--	(9,786)	102
Net Assets (Deficit) at End of Year	\$ --	\$(9,786)	\$ 2,414

(continued next page)

Schedule 1

<u>Child Health</u>	<u>Dental Health</u>	<u>Maternal Health</u>	<u>Family Planning</u>	<u>Hawk-I</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
153,040	7,431	51,434	90,023	13,495
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	2,387	--
115	--	907	1,084	622
--	--	--	--	--
--	--	23,970	64,513	--
153,155	7,431	76,311	158,007	14,117
90,163	1,450	41,866	41,232	2,929
28,652	466	13,079	18,645	765
--	--	--	--	--
1,476	5,263	1,203	1,410	7,485
841	--	3,175	7,103	321
1,389	--	3,324	16,846	--
3,136	--	1,066	4,201	--
3,900	--	1,703	35,562	1,842
4,523	--	988	2,454	--
1,608	--	525	1,987	87
334	--	302	1,505	--
633	--	1,419	5,057	152
--	--	--	--	--
--	--	--	--	--
136,655	7,179	68,650	136,002	13,581
16,500	265	7,661	22,005	536
153,155	7,444	76,311	158,007	14,117
--	(13)	--	--	--
(25,483)	--	(17,491)	(14,239)	(168)
<u>\$(25,483)</u>	<u>\$(13)</u>	<u>\$(17,491)</u>	<u>\$(14,239)</u>	<u>\$(168)</u>

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2010

	<u>Immunization</u>	<u>Pregnancy Prevention</u>	<u>I-Smile</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	1,115	--	71,895
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	58,515	--
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	17,937
Investment income	--	--	--
Miscellaneous	--	--	55,090
	<hr/>	<hr/>	<hr/>
Total Revenues	1,115	58,515	144,922
Expenditures:			
Salaries and wages	--	26,392	83,570
Fringe benefits	--	9,356	24,618
Assistance to individuals	--	--	--
Professional fees and contracted services	981	1	1,276
Travel	--	2,460	9,838
Occupancy	--	--	1,395
Utilities and telephone	--	1,117	2,490
Supplies and materials	--	11,966	5,336
Equipment	--	1,086	9
Printing, publications and postage	--	58	217
Insurance	--	73	130
Miscellaneous	--	1,176	777
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	--	--	--
	<hr/>	<hr/>	<hr/>
Total Expenditures Before Allocation of Indirect Costs	981	53,685	129,656
Allocation of Indirect Costs	<hr/> --	<hr/> 4,830	<hr/> 15,293
Total Expenditures	<hr/> 981	<hr/> 58,515	<hr/> 144,949
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	134	--	(27)
Net Assets (Deficit) at Beginning of Year	<hr/> 22	<hr/> 54	<hr/> (402)
Net Assets (Deficit) at End of Year	<u>\$ 156</u>	<u>\$ 54</u>	<u>\$(429)</u>

(continued next page)

<u>LIHEAP</u>	<u>HEAP</u>	<u>Weatherization Assistance Programs</u>	
		<u>ARRA - Department of Energy</u>	<u>Utility Company</u>
\$ 2,348,169	\$ 275,654	\$ 1,033,937	\$ 186,518
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	450	--
<hr/>		<hr/>	
2,348,169	275,654	1,034,387	186,518
86,729	--	215,742	--
31,723	--	74,733	--
2,192,048	268,003	632,614	186,518
4,307	--	2,243	--
776	--	11,992	--
1,899	--	9,524	--
2,207	--	9,860	--
7,788	--	11,197	--
525	--	6,316	--
2,892	--	1,448	--
414	7,651	12,953	--
990	--	6,567	--
--	--	--	--
--	--	--	--
<hr/>			
2,332,298	275,654	995,189	186,518
15,871	--	39,198	--
<hr/>			
2,348,169	275,654	1,034,387	186,518
<hr/>			
--	--	--	--
--	--	--	--
<hr/>			
\$ --	\$ --	\$ --	\$ --

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2010

	<u>Child Lead</u>	<u>Substance Abuse Prevention</u>	<u>Substance Abuse Treatment</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	33,899	145,669	385,329
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	50,403	--
Iowa Department of Economic Development	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	9,699
In-Kind Contributions	--	--	--
Public Support and Contributions	--	71,038	25,477
Co-funding	7,995	50,302	--
Investment income	--	4	--
Miscellaneous	<u>4,483</u>	<u>40,570</u>	<u>135,911</u>
Total Revenues	46,377	357,986	556,416
Expenditures:			
Salaries and wages	24,190	159,666	259,286
Fringe benefits	6,670	54,498	91,865
Assistance to individuals	--	--	--
Professional fees and contracted services	5,636	5,058	3,653
Travel	157	16,431	10,331
Occupancy	2,811	12,865	28,064
Utilities and telephone	773	8,845	14,763
Supplies and materials	762	30,103	16,631
Equipment	3	1,450	6,382
Printing, publications and postage	1,045	3,319	3,188
Insurance	144	1,369	1,751
Miscellaneous	344	14,514	13,946
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures Before Allocation of Indirect Costs	42,535	308,118	449,860
Allocation of Indirect Costs	<u>4,427</u>	<u>29,219</u>	<u>47,450</u>
Total Expenditures	<u>46,962</u>	<u>337,337</u>	<u>497,310</u>
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	(585)	20,649	59,106
Net Assets (Deficit) at Beginning of Year	<u>12,456</u>	<u>35,643</u>	<u>176,558</u>
Net Assets (Deficit) at End of Year	<u>\$ 11,871</u>	<u>\$ 56,292</u>	<u>\$ 235,664</u>

See accompanying independent auditor's report.

Schedule 1

<u>Childhood Empowerment</u>	<u>Other</u>	<u>Total</u>
\$ --	\$ --	\$ 4,291,942
--	--	2,248,126
--	--	1,393,466
531,911	--	1,136,361
88,043	67,963	292,176
--	--	207,398
--	--	32,144
--	20,865	207,557
--	--	640,034
--	228,222	490,178
--	1,800	181,022
129	--	133
--	34,674	375,027
<u>620,083</u>	<u>353,524</u>	<u>11,495,564</u>
58,083	112,417	2,746,776
17,720	31,425	922,246
63,732	102,729	4,141,138
450,089	17,385	626,868
7,493	3,163	245,725
1,812	23,024	697,344
925	3,841	122,178
1,953	24,400	518,460
373	11	81,922
151	1,773	38,045
1,141	140	44,653
12,006	24,281	171,574
--	--	181,022
--	--	558,708
--	--	81,326
<u>615,478</u>	<u>344,589</u>	<u>11,177,985</u>
<u>4,500</u>	<u>6,112</u>	<u>496,247</u>
<u>619,978</u>	<u>350,701</u>	<u>11,674,232</u>
105	2,823	(178,668)
(83)	63,097	195,315
<u>\$ 22</u>	<u>\$ 65,920</u>	<u>\$ 16,647</u>

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant or Program Number
U.S. Department of Health and Human Services		
Direct Programs		
Head Start Program	93.600	07CH 6107/43
Head Start Program	93.600	07CH 6107/44
Early Head Start	93.600	07CH 6107/43
Early Head Start	93.600	07CH 6107/44
ARRA - Head Start Program	93.708	07SE 6107/01
ARRA - Early Heat Start	93.708	07SE 6107/01
<i>Subtotal Direct Programs</i>		
Indirect Programs		
Iowa Department of Human Rights		
Community Services Block Grant	93.569	CSBG 10-01
ARRA - Community Services Block Grant	93.710	CSBG-R9-01
Low-Income Home Energy Assistance Program	93.568	LIHEAP-10-01-B
Weatherization Assistance	93.568	HEAP 09-01B
Weatherization Assistance	93.568	HEAP 10-01B
Iowa Department of Public Health		
Maternal Health	93.994	5880 MH07
Child Health	93.994	5880 MH07
Dental Health	93.994	5880 MH07
Family Planning	93.217	5880 MH07
I-4 Project (Immunization)	93.268	5889 I422
Comprehensive Substance Abuse Prevention	93.959	5880 CP04
Substance Abuse Prevention and Treatment Block Grant	93.959	Not Available
Substance Abuse Prevention and Treatment Block Grant	93.959	MED-09-020
Access to Recovery	93.275	42-0923412
Iowa Department of Human Services		
Child Care Resource and Referral	93.575	10-NEW-OPPS
Child Care Resource and Referral	93.575	11-NEW-OPPS
Wrap Around Child Care	93.575	DCFS 09-089-20
Community for Adolescent Pregnancy Prevention	93.558	BDPS-06-062
Community for Adolescent Pregnancy Prevention	93.558	BDPS-06-062
Early Childhood Funds Under Empowerment	93.558	DCFS-10-008
Early Childhood Funds Under Empowerment	93.558	ACFS-11-010
Social Services Block Grant	93.667	V2010-05-05
Promoting Safe and Stable Families	93.556	BDPS-07-025
<i>Subtotal Indirect Programs</i>		
<i>Total U.S. Department of Health and Human Services</i>		

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
12/01/08 - 11/30/09	\$ 389,332
12/01/09 - 11/30/10	1,283,907
12/01/08 - 11/30/09	102,250
12/01/09 - 11/30/10	<u>367,306</u>
	2,142,795
06/01/09 - 09/30/10	89,165
06/01/09 - 09/30/10	<u>16,166</u>
	<u>105,331</u>
	2,248,126
10/01/09 - 09/30/10	126,369
04/10/09 - 09/30/10	321,295
10/01/09 - 09/30/10	2,348,169
01/01/09 - 12/31/09	137,106
01/01/10 - 12/31/10	<u>138,548</u>
	2,623,823
10/01/09 - 09/30/10	45,358
10/01/09 - 09/30/10	55,033
10/01/09 - 09/30/10	<u>4,459</u>
	104,850
10/01/09 - 09/30/10	69,715
01/01/09 - 12/31/09	820
07/01/09 - 06/30/10	37,611
07/01/09 - 12/31/10	26,465
01/01/10 - 06/30/11	<u>88,165</u>
	152,241
10/01/08 - 09/30/10	18,162
07/01/09 - 06/30/10	48,622
07/01/10 - 06/30/11	10,389
09/01/09 - 08/31/10	<u>24,314</u>
	83,325
07/01/09 - 06/30/10	28,955
07/01/10 - 06/30/11	10,489
07/01/09 - 06/30/10	34,001
07/01/10 - 06/30/11	<u>10,940</u>
	84,385
07/01/09 - 06/30/10	2,938
10/01/09 - 09/30/10	<u>10,593</u>
	<u>3,598,516</u>
	5,846,642

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant or Program Number
U.S. Department of Homeland Security		
Direct Programs		
Emergency Food and Shelter Program	97.024	EFSP - Phase 28
ARRA - Emergency Food and Shelter Program	97.114	EFSP - Phase AR
<i>Total U.S. Department of Homeland Security</i>		
U.S. Department of Energy		
Indirect Programs		
Iowa Department of Human Rights		
ARRA - Weatherization Assistance	81.042	DOE-ARRA-09-01 B
U.S. Department of Agriculture		
Indirect Programs		
Iowa Department of Public Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5880 A033
Iowa Department of Education		
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8015
Child and Adult Care Food Program (Head Start)	10.558	14-8010
Iowa Department of Agriculture & Land Stewardship		
Farmers Market	10.572	3IA810850
<i>Total U.S. Department of Agriculture</i>		
U.S. Department of Housing and Urban Development		
Indirect Program		
Iowa Finance Authority		
ARRA - Homeless Prevention & Rapid Rehousing Program	14.257	509-04-19-001
Iowa Department of Economic Development		
Community Development Block Grants	14.228	08-CF-002-05
<i>Total U.S. Department of Housing and Urban Development</i>		
U.S. Department of Justice		
Indirect Program		
Iowa Department of Corrections		
Prisoner Reentry Initiative Demonstration	16.202	Not Available
Total Expenditures of Federal Awards		

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of New Opportunities, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

Schedule 2

<u>Period of Grant</u>	<u>Federal Expenditures</u>
01/01/10 - 12/31/10	\$ 21,992
01/01/09 - 12/31/09	<u>10,152</u>
	32,144
04/01/09 - 03/31/12	1,033,937
10/01/09 - 09/30/10	440,136
10/01/09 - 09/30/10	533,622
10/01/09 - 09/30/10	<u>70,828</u>
	604,450
10/01/09 - 09/30/10	<u>810</u>
	1,045,396
07/14/09 - 07/13/12	137,773
04/01/08 - 12/31/10	<u>207,398</u>
	345,171
07/01/09 - 06/30/10	<u>8,142</u>
	<u>\$ 8,311,432</u>

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Community Services Block Grants
Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 10-01CB</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 244,968	\$ 126,369	\$ 118,599
Program Expenditures:			
Personnel	\$ 86,109	\$ 50,678	\$ 35,431
Travel	12,000	3,354	8,646
Space Costs	3,850	1,769	2,081
Equipment	14,878	7,066	7,812
Consultant	1,000	--	1,000
Co-Funded Programs	90,525	48,236	42,289
Other Costs	24,000	8,027	15,973
Indirect Costs	12,606	7,239	5,367
Total Expenditures	\$ 244,968	\$ 126,369	\$ 118,599
<u>Contract Number CSBG-R9-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 321,295	\$ 321,295	\$ --
Program Expenditures:			
Equipment	\$ 6,000	\$ 5,421	\$ 579
Co-Funded Programs	217,002	216,742	260
Other Costs	--	500	(500)
New CSBG ARRA Programs	98,293	98,632	(339)
Total Expenditures	\$ 321,295	\$ 321,295	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Low-Income Home Energy Assistance Program
Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP-10-01-B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 2,365,281	\$ 2,348,169	\$ 17,112
Program Expenditures:			
Regular Assistance	\$ 1,984,402	\$ 1,967,896	\$ 16,506
Energy Crisis Intervention Payments	102,757	102,155	602
Client Services	27,680	27,676	4
Summer Deliverable Fuel Program	121,997	121,997	--
Administration Costs	128,445	128,445	--
Total Expenditures	\$ 2,365,281	\$ 2,348,169	\$ 17,112

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 148,578	\$ 137,106	\$ 11,472
Program Expenditures:			
Administration Costs	\$ 19,327	\$ --	\$ 19,327
Weatherization Materials	56,409	34,468	21,941
Support Costs	14,436	24,553	(10,117)
Labor	51,680	35,769	15,911
Health and Safety	(4,207)	42,316	(46,523)
Equipment and Training	11,163	--	11,163
Pollution Occurrence Insurance	(230)	--	(230)
Total Expenditures	<u>\$ 148,578</u>	<u>\$ 137,106</u>	<u>\$ 11,472</u>
<u>Contract Number HEAP 10-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 328,463	\$ 138,548	\$ 189,915
Program Expenditures:			
Administration Costs	\$ 16,934	\$ --	\$ 16,934
Weatherization Materials	78,507	28,856	49,651
Support Costs	75,280	4,230	71,050
Labor	78,506	29,246	49,260
Health and Safety	58,073	68,565	(10,492)
Equipment and Training	21,163	--	21,163
Pollution Occurrence Insurance	--	7,651	(7,651)
Total Expenditures	<u>\$ 328,463</u>	<u>\$ 138,548</u>	<u>\$ 189,915</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE-ARRA-09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 3,278,924	\$ 1,033,937	\$ 2,244,987
Program Expenditures:			
Administration Costs	\$ 175,524	\$ 78,464	\$ 97,060
Administration - Equipment	123,804	234	123,570
Training and Technical Assistance	484,330	902	483,428
Weatherization Materials	663,078	159,833	503,245
Support Costs	647,954	194,503	453,451
Labor	665,089	177,241	487,848
Work in Process	--	223,288	(223,288)
Health and Safety	519,145	199,472	319,673
Total Expenditures	\$ 3,278,924	\$ 1,033,937	\$ 2,244,987

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 8,416	\$ 8,416	\$ --
Program Expenditures:			
Administrative Costs	\$ 1,128	\$ 511	\$ 617
Weatherization Materials	3,086	4,141	(1,055)
Support Costs	561	1,166	(605)
Labor	<u>3,641</u>	<u>2,598</u>	<u>1,043</u>
Total Expenditures	\$ 8,416	\$ 8,416	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 10-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 22,093	\$ 22,093	\$ --
Program Expenditures:			
Administrative Costs	\$ 1,108	\$ 232	\$ 876
Weatherization Materials	9,388	11,773	(2,385)
Support Costs	2,209	--	2,209
Labor	9,388	10,088	(700)
Total Expenditures	<u>\$ 22,093</u>	<u>\$ 22,093</u>	<u>\$ --</u>
<u>Contract Number IPL 10-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 51,247	\$ 51,247	\$ --
Program Expenditures:			
Administrative Costs	\$ 2,562	\$ --	\$ 2,562
Weatherization Materials	21,780	25,885	(4,105)
Support Costs	5,125	4,198	927
Labor	21,780	21,164	616
Total Expenditures	<u>\$ 51,247</u>	<u>\$ 51,247</u>	<u>\$ --</u>
<u>Contract Number MEC 10-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 104,762	\$ 104,762	\$ --
Program Expenditures:			
Administrative Costs	\$ 5,238	\$ --	\$ 5,238
Weatherization Materials	44,524	53,997	(9,473)
Support Costs	10,476	183	10,293
Labor	44,524	50,582	(6,058)
Total Expenditures	<u>\$ 104,762</u>	<u>\$ 104,762</u>	<u>\$ --</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures
Administrative Fund
Year Ended September 30, 2010

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Public Support and Contributions	\$ 2,938	\$ --	\$ 2,938
Investment Income	5,743	--	5,743
Rental Income	98,133	--	98,133
Miscellaneous	<u>9,493</u>	<u>--</u>	<u>9,493</u>
Total Revenues	<u>\$ 116,307</u>	<u>\$ --</u>	<u>\$ 116,307</u>
Expenditures:			
Salaries and Wages	\$(4,875)	\$ 332,269	\$ 327,394
Fringe Benefits	--	110,132	110,132
Professional Fees and Contracted Services	--	22,486	22,486
Travel	(35)	16,577	16,542
Occupancy	132	13,562	13,694
Utilities and Telephone	--	9,119	9,119
Supplies and Materials	1,598	8,981	10,579
Printing, Publications and Postage	76	5,530	5,606
Insurance	--	6,789	6,789
Interest Expense	88,360	--	88,360
Amortization	1,146	--	1,146
Miscellaneous	<u>1,770</u>	<u>6,360</u>	<u>8,130</u>
Total Expenditures Before Allocation of Indirect Costs	88,172	531,805	619,977
Allocation of Indirect Costs	<u>--</u>	<u>(496,247)</u>	<u>(496,247)</u>
Total Expenditures	<u>\$ 88,172</u>	<u>\$ 35,558</u>	<u>\$ 123,730</u>

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

We have audited the financial statements of New Opportunities, Inc. as of and for the year ended September 30, 2010, and have issued our report thereon dated January 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of New Opportunities, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Directors of
New Opportunities, Inc.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

 Diamond, Bell, Hyman & Co. P.C.

Atlantic, Iowa
January 18, 2011

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

Compliance

We have audited the compliance of New Opportunities, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2010. New Opportunities, Inc.'s major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of New Opportunities, Inc.'s management. Our responsibility is to express an opinion on New Opportunities, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Opportunities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on New Opportunities, Inc.'s compliance with those requirements.

In our opinion, New Opportunities, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2010.

To the Board of Directors of
New Opportunities, Inc.

Internal Control Over Compliance

The management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Opportunities, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the Agency's internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined below.

A deficiency in the Agency's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Donald, Bill, Hyman & Co. P.C.

Atlantic, Iowa
January 18, 2011

NEW OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2010

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:

Head Start Cluster:

- CFDA Number 93.600
- CFDA Number 93.708 - ARRA

Weatherization Assistance:

- CFDA Number 81.042 - ARRA

Community Service Block Grant Cluster:

- CFDA Number 93.569
- CFDA Number 93.710 - ARRA

Homeless Prevention and Rapid Rehousing:

- CFDA Number 14.257 - ARRA

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) New Opportunities, Inc. did qualify as a low-risk auditee.

NEW OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2010

Part II: Findings Related to the Financial Statements:

No findings noted for the year ended September 30, 2010.

Part III: Findings and Questioned Costs For Federal Awards:

No findings noted for the year ended September 30, 2010.

Part IV: Other Findings Related to Required Statutory Reporting:

No matters were noted for the year ended September 30, 2010.

* * *